MERAFONG CITY LOCAL MUNICIPALITY FINANCIAL STATEMENTS AS AT 30 JUNE 2007

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MERAFONG CITY LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2007

	Notes	2007 R	2006 R
NET ASSETS AND LIABILITIES			
Net Assets		**132 796 987**	**64 071 056**
Housing Development Fund	1	1 254 828	1 254 828
Government Grant Reserve		108 459 275	57 727 387
Donations and Public Contributions Reserve		606 338	0
Capital Replacement Reserve		5 676 160	0
Accumulated Surplus/(Deficit)		16 800 386	5 088 841
Non-current Liabilities		**65 741 482**	**68 484 314**
Long-term Liabilities	2	65 741 482	68 484 314
Current Liabilities		**135 869 202**	**126 907 521**
Consumer Deposits	3	6 851 571	6 253 762
Provisions	4	2 544 647	2 964 454
Creditors	5	48 241 050	41 109 109
Unspent conditional grants and receipts	6	48 623 962	49 872 419
VAT	7	24 717 498	20 390 391
Bank overdraft	15	0	1 790 402
Current portion of Long-term Liabilities	2	4 890 475	4 526 984
Total Net Assets and Liabilities		***334 407 671***	***259 462 890***
ASSETS			
Non-current Assets		**158 748 743**	**102 538 605**
Property, Plant and Equipment	8	139 944 811	85 909 621
Investments	9	18 789 938	16 615 812
Long-term Receivables	10	13 994	13 172
Current Assets		**175 658 928**	**156 924 285**
Inventory	11	6 864 924	5 587 540
Consumer Debtors	12	86 366 634	61 421 723
Other Debtors	13	6 915 159	5 408 498
Current portion of Long-Term Receivables	10	872 014	830 507
Call Investment Deposits	14	62 890 491	83 676 016
Bank balances and cash	15	11 749 706	0
Total Assets		***334 407 671***	***259 462 890***

MERAFONG CITY LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 R	2006 R
REVENUE			
Property rates	16	51 083 359	47 246 150
Property rates - penalties imposed and collection charges		4 558 218	3 316 870
Service charges	17	199 938 620	148 393 186
Rental of facilities and equipment		995 162	1 472 350
Interest earned - external investments		6 788 507	8 657 831
Interest earned - outstanding debtors		11 520 884	5 667 392
Fines		3 630 805	2 375 675
Licenses and permits		3 298 200	2 500
Income for agency services		5 519 158	8 509 250
Government grants and subsidies	18	136 022 873	94 639 284
Other income	19	12 545 212	20 087 103
Public contributions and donations		740 729	1 094 629
Gains on disposal of property, plant and equipment		4 388 254	3 810 805
TOTAL REVENUE		**441 029 981**	**345 273 025**
EXPENDITURE			
Employee related costs	20	123 772 001	107 240 223
Remuneration of Councillors	21	9 734 420	8 225 964
Collection costs		306 963	169 418
Depreciation		6 018 206	3 225 039
Repairs and maintenance		10 224 869	10 123 893
Interest paid	22	8 108 363	11 419 283
Bulk purchases	23	95 856 224	64 886 835
Contracted services		22 094 039	14 848 094
Grants and subsidies paid		9 206 613	3 608 601
General expenses		49 615 526	37 843 447
TOTAL EXPENDITURE		**334 937 224**	**261 590 797**
SURPLUS/(DEFICIT) FOR THE YEAR)		**106 092 757**	**83 682 228**

Refer to Appendix E(1) for the comparison with the approved budget

MERAFONG CITY LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2007

	Donations and Public Contributions Reserve	Capital Replacement Reserve	Housing Development Fund	Government Grant Reserve	Accumulated Surplus / (Deficit)	Total
	R	R	R	R	R	R
2006						
Balance at 1 July 2005			1 254 828	34 589 473	(3 910 854)	31 933 447
Surplus/(deficit) for the year					83 682 228	83 682 228
Transfer to Provision for Bad Debt					(34 982 578)	(34 982 578)
Transfer to Provision for Long Service					(181 764)	(181 764)
Transfer to Provision for Leave Pay					151 879	151 879
Transfer to Provision for Performance Bonus					(209 951)	(209 951)
Capital grants used to purchase PPE				26 033 669	(26 033 669)	0
Offsetting of depreciation				(2 093 371)	2 093 371	0
Balance at 30 June 2006	**0**	**0**	**1 254 828**	**58 529 771**	**20 608 661**	**80 393 261**
Correction of Error (See Note 26)				(802 384)	(15 519 820)	(16 322 204)
Restated Balance at 30 June 2006	**0**	**0**	**1 254 828**	**57 727 387**	**5 088 841**	**64 071 056**
2007						
Surplus/(deficit) for the year					106 092 757	106 092 757
Contribution to Capital Replacement Grant		5 676 160			(5 676 160)	0
Transfer to Provision for Bad Debt					(38 612 850)	(38 612 850)
Transfer to Provision for Long Service					111 967	111 967
Transfer to Provision for Leave Pay					1 012 119	1 012 119
Transfer to Provision for Performance Bonus					121 938	121 938
Capital grants used to purchase PPE	614 944			54 906 584	(55 521 528)	0
Offsetting of depreciation	(8 606)			(4 174 696)	4 183 302	0
Balance at 30 June 2007	**606 338**	**5 676 160**	**1 254 828**	**108 459 275**	**16 800 386**	**132 796 987**

MERAFONG CITY LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		402 615 330	327 480 650
Cash paid to suppliers and employees		(356 397 430)	(263 032 054)
Cash generated from operations	27	46 217 900	88 388 893
Interest received		6 788 507	8 657 831
Interest paid		(8 108 363)	(11 419 282)
NET CASH FROM OPERATING ACTIVITIES		44 898 044	85 627 442
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(58 920 210)	(27 598 462)
Proceeds on disposal of property, plant and equipment		4 388 254	3 810 805
(Increase)/decrease in non-current receivables		(178 267)	610 703
(Decrease)/Increase in non-current investments		2 174 126	9 019 303
NET CASH FROM INVESTING ACTIVITIES		(52 536 097)	(14 157 651)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		2 192 350	50 657 847
New loans (repaid)		(4 611 956)	(51 956 312)
Increase in consumer deposits		597 808	(937 355)
NET CASH FROM FINANCING ACTIVITIES		(1 821 798)	(2 235 820)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(9 459 852)**	**69 233 971**
Cash and cash equivalents at the beginning of the year		**75 902 686**	**6 668 715**
Cash and cash equivalents at the end of the year	28	**66 442 834**	**75 902 686**

MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

	2007 R	2006 R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	1 254 828	1 254 828
Unappropriated Surplus	1 254 828	1 254 828
The Housing Development Fund is represented by the following assets and liabilities		
Bank and cash	1 254 828	1 254 828
Total Housing Development Fund Assets and Liabilities	**1 254 828**	**1 254 828**
2 LONG-TERM LIABILITIES		
	70 631 957	73 011 299
Local Registered Stock Loans	5 100 000	5 100 000
Annuity Loans	64 382 359	65 883 595
Finance Leases	1 149 598	2 027 704
Less : Current portion transferred to current liabilities	(4 890 475)	(4 526 984)
Local Registered Stock Loans	0	0
Annuity Loans	(4 014 687)	(3 621 989)
Finance Leases	(875 786)	(904 995)
Total External Loans	**65 741 482**	**68 484 315**

Refer to Appendix A for more detail on long-term liabilities.

Carrying value of certain External Loans could not be determined due to the former Carletonville Council that made use of a Consolidated Loans Fund. External Loans were deposited into the Fund. Various projects were financed out of the Fund

3 CONSUMER DEPOSITS		
Electricity and Water	6 851 571	6 253 762
Total Consumer Deposits	**6 851 571**	**6 253 762**
Guarantees held in lieu of Electricity and Water Deposits	**1 844 395**	**1 654 405**
4 PROVISIONS		
Performance bonus	1 214 308	1 336 247
Redundant Stock	1 043 996	1 229 897
Long-service provision	286 343	398 310
Total Provisions	**2 544 647**	**2 964 454**

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exists.

Performance bonuses are provided at 12% of the packages of section 57 employees and Managers with performance contracts as stated in the contracts.

Redundant Stock are provided for stock with no movement in the past 400 days

The movement in current provisions are reconciled as follows: -

	Performance Bonus	Redundant Stock	Current portion Long-service
30 June 2007			
Balance at beginning of year	1 336 247	1 229 897	398 310
Contributions to provision	1 175 548	(185 901)	(111 967)
Expenditure incurred	(1 297 486)	0	0
Balance at end of year	**1 214 309**	**1 043 996**	**286 343**
30 June 2006			
Balance at beginning of year	1 126 296	874 100	216 546
Contributions to provision	1 192 024	355 797	181 764
Expenditure incurred	(982 073)	0	0
Balance at end of year	**1 336 247**	**1 229 897**	**398 310**

5 CREDITORS

	2007 R	2006 R
Trade creditors	24 372 055	18 046 871
Payments received in advance	4 725 966	5 025 041
Retentions	37 774	37 775
Leave Pay	6 441 439	7 453 558
Outstanding Cheques	8 197 363	5 982 928
Other creditors	4 466 453	4 562 936
	48 241 050	**41 109 109**

6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

6.1 Conditional Grants from other spheres of Government	44 539 101	48 667 421
MIG Grants	11 193 426	16 965 066
PHB Gauteng	4 756 080	7 058 880
PHB North-West	18 337 349	15 144 786
DPLG	5 225 540	5 331 909
CMIP	16 687	16 687
Public Works	88 353	88 353
Dept. of Sports Art and	7 382	7 382
GAUTRANS	245 666	378 995
WRDM	2 003 845	3 224 999
Southern District Municipality	2 020 110	0
Department of Mineral Energy	194 300	0
Provincial LED Projects	450 363	450 363
6.2 Other Conditional Receipts	4 084 861	1 204 999
NLDTF	3 542 834	1 157 778
Public contributions	542 027	47 221
Total Conditional Grants and Receipts	**48 623 962**	**49 872 419**

See Note 18 for reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilized.

7 VAT

SARS (VAT)	24 717 498	20 390 391
	24 717 498	**20 390 391**

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

MERAFONG CITY LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

8 PROPERTY, PLANT AND EQUIPMENT

30-Jun-07							
Reconciliation of Carrying	**Land and Buildings**	**Infrastructure**	**Community**	**Heritage**	**Housing Schemes**	**Other**	**Total**
	R	R	R	R		R	R
Carrying values at 1 July 2006	**8 107 456**	**50 462 352**	**14 809 544**	**45 923**	**8 199 586**	**4 284 758**	**85 909 619**
Cost	*73 268 945*	*273 999 083*	*22 817 714*	*45 923*	*14 885 033*	*37 048 352*	*422 065 050*
27)							*0*
Accumulated depreciation	*(65 161 489)*	*(223 536 731)*	*(8 008 170)*	*0*	*(6 685 447)*	*(32 763 594)*	*(336 155 431)*
Acquisitions	0	42 738 526	2 379 989	0	12 007 754	1 793 941	58 920 210
Capital under Construction							
Depreciation	(36 278)	(3 939 687)	(21 690)	0	(370 978)	(1 649 573)	(6 018 206)
Carrying value of disposals	(3)	(92 895)	0	0		(712 046)	(804 944)
Cost	*(6 106)*	*(137 272)*	*0*	*0*	*0*	*(12 006 128)*	*(12 149 506)*
Accumulated depreciation	*6 103*	*44 377*	*0*	*0*	*0*	*11 294 082*	*11 344 562*
Impairment losses		0	0	0	0	0	0
Other movements	1 500	0	0	1 500	0	1 935 132	1 938 132
Carrying values at 30 June 2007	**8 072 675**	**89 168 296**	**17 167 843**	**47 423**	**19 836 362**	**5 652 212**	**139 944 811**
Cost	*73 264 339*	*316 600 337*	*25 197 703*	*47 423*	*26 892 787*	*28 771 297*	*470 773 886*
Accumulated depreciation	*(65 191 664)*	*(227 432 041)*	*(8 029 860)*	*0*	*(7 056 425)*	*(23 119 085)*	*(330 829 075)*

30-Jun-06							
Reconciliation of Carrying	**Land and Buildings**	**Infrastructure**	**Community**	**Heritage**	**Housing Schemes**	**Other**	**Total**
	R	R	R	R		R	R
Carrying values at 1 July 2005	**8 287 224**	**34 722 722**	**13 738 119**	**122 698**	**1 488 944**	**3 969 858**	**62 329 565**
Cost	*73 412 486*	*256 150 195*	*21 738 880*	*122 698*	*8 111 666*	*42 562 070*	*402 097 994*
27)							*0*
Accumulated depreciation	*(65 125 261)*	*(221 427 473)*	*(8 000 762)*	*0*	*(6 622 722)*	*(38 592 211)*	*(339 768 429)*
Acquisitions	4 459	17 865 053	1 177 499	0	6 773 367	1 778 085	*27 598 463*
Capital under Construction							
Depreciation	(36 228)	(2 109 259)	(7 408)	0	(62 725)	(1 009 421)	*(3 225 039)*
Carrying value of disposals	0	0	0	0		(793 368)	*(793 368)*
Cost	*0*	*0*	*0*	*0*	*0*	*(7 631 407)*	*(7 631 407)*
Accumulated depreciation	*0*	*0*	*0*	*0*	*0*	*6 838 039*	*6 838 039*
Impairment losses	0	0	0	0	0	0	0
Other movements	(148 000)	(16 163)	(98 665)	(76 775)	0	339 603	0
Carrying values at 30 June 2006	**8 107 456**	**50 462 353**	**14 809 544**	**45 923**	**8 199 586**	**4 284 758**	**85 909 621**
Cost	*73 268 945*	*273 999 085*	*22 817 714*	*45 923*	*14 885 033*	*37 048 351*	*422 065 050*
Accumulated depreciation	*(65 161 489)*	*(223 536 732)*	*(8 008 170)*	*0*	*(6 685 447)*	*(32 763 593)*	*(336 155 429)*

Refer to Appendix B for more detail on property, plant and equipment.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.

9 INVESTMENTS

Financial Instruments	18 789 938	16 615 812
Fixed Deposits	**18 789 938**	**16 615 812**

Pledged Investments

Fixed deposits amounting to R18 573 314.59 has been invested as security for the External Loan with Nedbank and INCA

10 LONG-TERM RECEIVABLES

	886 008	843 679
Consumer Loans	134 272	131 699
Computer Loans	15 516	19 396
Bursaries	736 220	692 585
Less : Current portion transferred to current receivables	(872 014)	(830 507)
Consumer Loans	(134 272)	(131 698)
Computer Loans	(1 522)	(6 224)
Bursaries	(736 220)	(692 585)
Total	**13 994**	**13 172**

Bursaries
Bursaries were granted in terms of a specific policy at an interest rate of 8% if the candidate pass or 10% if they fail their academic year.

Computer Loans
Computer loans are charged at an interest rate equivalent to the rate that Council invest funds during the year.

Consumer Loans
Consumer Loans are granted to consumers for the purchase of stands and are charged interest equal to the prevailing prime rate.

11 INVENTORY

Consumable stores – at cost	6 496 786	5 236 897
Potable Water	368 138	350 643
	6 864 924	5 587 540

12 CONSUMER DEBTORS

As at 30 June 2007	Gross Balances R	Provision for Bad Debts R	Net Balance R
Service debtors			
Rates	54 596 056	45 518 027	9 078 029
Electricity	17 976 619	7 110 932	10 865 687
Water	79 678 392	58 642 029	21 036 363
Sewerage	25 869 462	18 716 516	7 152 946
Refuse Removal	40 515 224	30 099 162	10 416 062
Sundry	105 262 839	77 445 292	27 817 547
Total	**323 898 592**	**237 531 958**	**86 366 634**

As at 30 June 2006	Gross Balances R	Provision for Bad Debts R	Net Balance R
Service debtors			
Rates	44 382 292	31 975 833	12 406 459
Electricity	14 909 126	4 959 602	9 949 525
Water	72 254 009	55 913 693	16 340 316
Sewerage	21 261 784	15 830 741	5 431 043
Refuse Removal	35 385 228	26 940 555	8 444 673
Sundry	72 148 393	63 298 684	8 849 707
Total	**260 340 831**	**198 919 108**	**61 421 723**

	2007 R	2006 R
Rates: Ageing		
Current (0 – 30 days)	3 427 916	3 431 526
31 - 60 Days	2 571 832	2 157 796
61 - 90 Days	1 575 402	1 372 015
91 - 120 Days	1 502 879	1 363 407
121 - 365 Days	13 055 596	7 149 484
+ 365 Days	32 462 431	8 908 064
Total	**54 596 056**	**24 382 292**
(Electricity, Water, Sewerage, Refuse and Other): Ageing		
Current (0 – 30 days)	23 568 886	15 341 571
31 - 60 Days	17 609 268	11 262 468
61 - 90 Days	8 657 545	6 004 743
91 - 120 Days	7 174 497	4 721 526
121 - 365 Days	5 038 046	26 018 172
+ 365 Days	207 254 294	152 610 060
Total	**269 302 536**	**215 958 538**

Summary of Debtors by Customer Classification **30 June 2007**	**Consumers** **R**	**Industrial/ Commercial** **R**	**National and Provincial Government** **R**
Current (0 – 30 days)	25 689 710	923 339	383 753
31 - 60 Days	19 402 863	364 077	414 160
61 - 90 Days	9 791 868	150 363	290 716
91 - 120 Days	8 348 427	56 753	272 197
121 - 365 Days	251 820 243	622 366	5 367 757
Total debtors by customer classification	**315 053 111**	**2 116 898**	**6 728 583**

Summary of Debtors by Customer Classification **30 June 2006**	**Consumers** **R**	**Industrial/ Commercial** **R**	**National and Provincial Government** **R**
Current (0 – 30 days)	18 000 405	480 166	292 527
31 - 60 Days	12 865 875	277 393	276 996
61 - 90 Days	7 015 612	90 999	270 147
91 - 120 Days	5 727 342	85 145	272 446
121 - 365 Days	210 007 064	451 180	4 227 535
Total debtors by customer classification	**253 616 298**	**1 384 883**	**5 339 650**

	2007 R	2006 R
Reconciliation of the Bad Debt Provision		
Balance at beginning of the year	198 919 108	163 936 532
Contributions to provision	38 612 850	34 982 576
Bad debts written off against provision	0	0
Reversal of provision	0	0
Balance at end of year	**237 531 958**	**198 919 108**

13 OTHER DEBTORS

Payments made in advance	2 972 298	4 564
Irregular Expenditure (see Note 30.2)	866 554	886 554
Government subsidies	0	4 517 380
Nedbank	1 199 490	0
DBSA	1 876 817	0
Total Other Debtors	**6 915 159**	**5 408 498**

14 CALL INVESTMENT DEPOSITS

Other Deposits	**62 890 491**	**83 676 016**

Deposits amounting to R55 554 950 (2006: R49 872 419) have been ring-fenced for the purposes of unuitilised Government Receipts in Note 6

15 BANK, CASH AND OVERDRAFT BALANCES

	2007	**2006**
Current Account (Primary Bank Account)		
ABSA Bank Ltd - Carletonville Branch		
Account Number - 3 000-0000-2		
Cashbook Balance at the beginning of the year - Overdrawn	(8 029 927)	(12 519 790)
Less: Outstanding Cheques	5 982 928	14 116 267
	(2 046 999)	**1 596 477**
Cashbook Balance at the end of the year - Overdrawn	(9 891 777)	(8 029 927)
Less: Outstanding Cheques	8 073 726	5 982 928
	(1 818 053)	**(2 046 999)**
Bank Statement Balance at the beginning of the year	(2 584 378)	1 655 936
Bank Statement Balance at the end of the year - Overdrawn	(3 889 256)	(2 584 378)
Current Account		
ABSA Bank Ltd - Carletonville Branch		
Account No. 16-1000-0017 (Fochville Account)		
Cashbook Balance at the beginning of the year	19 467	507 837
Cashbook Balance at the end of the year	579 220	19 467
Bank Statement Balance at the beginning of the year	19 467	507 747
Bank Statement Balance at the end of the year	579 220	19 467
Current Account		
ABSA Bank Ltd - Carletonville Branch		
Account No. 140-6380-8201 (Merafong Traffic Account)		
Cashbook Balance at the beginning of the year	141 565	0
Cashbook Balance at the end of the year	1 060 393	141 565
Bank Statement Balance at the beginning of the year	141 565	0
Bank Statement Balance at the end of the year	1 065 268	141 565
Current Account		
ABSA Bank Ltd - Carletonville Branch		
Account No. 40-6391-4228 (Merafong Disaster Fund account)		
Cashbook Balance at the beginning of the year	66 126	0
Cashbook Balance at the end of the year	35 469	66 126
Bank Statement Balance at the beginning of the year	66 126	0
Bank Statement Balance at the end of the year	35 469	66 126

Current Account		
ABSA Bank Ltd - Carletonville Branch		
Account No. 40-6061-4407 (Special Projects)		
Cashbook Balance at the beginning of the year	9 226	18 785
Cashbook Balance at the end of the year	11 101	9 226
Bank Statement Balance at the beginning of the year	9 226	18 785
Bank Statement Balance at the end of the year	26 101	9 226
Current Account		
NEDBANK Ltd - Corporate Banking		
Account No. 1454087331 (Main Account)		
Cashbook Balance at the beginning of the year	0	0
Less: Outstanding Cheques	0	0
	0	**0**
Cashbook Balance at the end of the year	11 738 322	0
Less: Outstanding Cheques	123 638	0
	11 861 960	**0**
Bank Statement Balance at the beginning of the year	0	0
Bank Statement Balance at the end of the year	9 876 245	0
Current Account		
NEDBANK Ltd - Corporate Banking		
Account No. 1454087358 (Traffic)		
Cashbook Balance at the beginning of the year	0	0
Cashbook Balance at the end of the year	258	0
Bank Statement Balance at the beginning of the year	0	0
Bank Statement Balance at the end of the year	542	0
Current Account		
NEDBANK Ltd - Corporate		
Account No. 1454087366 (Disaster)		
Cashbook Balance at the beginning of the year	0	0
Cashbook Balance at the end of the year	(579)	0
Bank Statement Balance at the beginning of the year	0	0
Bank Statement Balance at the end of the year	(579)	0

Current Account		
NEDBANK Ltd Corporate		
Account No. 1454087374 (Donations)		
Cashbook Balance at the beginning of the year	0	0
Cashbook Balance at the end of the year	(579)	0
Bank Statement Balance at the beginning of the year	0	0
Bank Statement Balance at the end of the year	(579)	0
Current Account		
NEDBANK Ltd - Corporate		
Account No. 1454087382 (Special Projects)		
Cashbook Balance at the beginning of the year	0	0
Cashbook Balance at the end of the year	(579)	0
Bank Statement Balance at the beginning of the year	(579)	0
Bank Statement Balance at the end of the year	26 101	0
Petty Cash		
Balance at the beginning of the year	20 213	17 706
Balance at the end of the year	21 093	20 213
TOTAL CASHBOOK (OVERDRAFT) BALANCE	**11 749 706**	**(1 790 402)**

16 PROPERTY RATES

Actual	***2007***	***2006***
Residential	50 342 783	46 514 048
State	740 576	732 102
Total Assessment Rates	**51 083 359**	**47 246 150**

Valuations	***2007***	***2006***
	R000's	***R000's***
Residential	266 196	273 322
Commercial	77 145	76 510
State	4 439	4 439
Municipal	1 431	1 431
Total Property Valuations	**349 211**	**355 702**

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions. A general rate of R0.0187 (2005: R0.0176) is applied to property valuations to determine assessment rates. Rebates of 30% are granted to residential and state property owners and 15% on Agricultural and Business properties. Rates are levied on a monthly basis on property owners. Interest at Prime is levied on outstanding rates.

17 SERVICE CHARGES

Sale of electricity	80 185 533	76 368 186
Sale of water	85 024 902	39 471 312
Refuse removal	19 895 075	19 063 408
Sewerage and sanitation charges	14 833 110	13 490 280
Total Service Charges	**199 938 620**	**148 393 188**

18 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	68 624 988	59 316 957
Health subsidies	3 765 086	3 957 506
Government Grants	63 632 799	31 364 821
Total Government Grant	**136 022 873**	**94 639 284**

18.1 Equitable Share

In terms of the Constitution, this grant is used to subsidies the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R155.42 (2005: R146.55) which is funded from this grant.

18.2 Provincial Health Subsidies

Balance unspent at beginning of year	0	0
Current year receipts - included in public health vote	3 765 086	3 957 507
Conditions met - transferred to revenue	(3 765 086)	(3 957 507)
Conditions still to be met - transferred to liabilities (see note 6)	0	0

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix D). The conditions of the grant have been met. There was no delay or withholding of the subsidy

18.3 MIG Grant

Balance unspent at beginning of year	16 965 066	4 882 639
Current year receipts	34 522 872	27 173 297
Conditions met - transferred to revenue	(40 294 512)	(15 090 869)
Conditions still to be met - transferred to liabilities (see note 6)	11 193 426	16 965 066

This grant was used to construct various infrastructure assets. No funds have been withheld.

18.4 Provincial LED Projects

Balance unspent at beginning of year	450 363	495 963
Current year receipts	0	0
Conditions met - transferred to revenue	0	(45 600)
Conditions still to be met - transferred to liabilities (see note 6)	450 363	450 363

Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government (included in Council General vote in Appendix D). No funds have been withheld.

18.5 CMIP

Balance unspent at beginning of year	16 687	16 687
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions still to be met - transferred to liabilities (see note 6)	16 687	16 687

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.6 Department of Sports and Recreation

Balance unspent at beginning of year	7 382	7 382
Conditions still to be met - transferred to liabilities (see note 6)	7 382	7 382

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.7 DPLG

Balance unspent at beginning of year	5 331 909	8 857 389
Current year receipts	1 234 000	987 886
Conditions met - transferred to revenue	(1 340 369)	(4 513 366)
Conditions still to be met - transferred to liabilities (see note 6)	5 225 540	5 331 909

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.8 Gauteng Provincial Housing Board

Balance unspent at beginning of year	7 058 880	7 502 265
Current year receipts	1 883 910	3 346 175
Conditions met - transferred to revenue	(4 186 710)	(3 789 561)
Conditions still to be met - transferred to liabilities (see note 6)	4 756 080	7 058 880

This grant was used to construct housing. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.9 North West Provincial Housing Board

Balance unspent at beginning of year	15 144 786	6 227 015
Current year receipts	10 950 000	13 615 998
Conditions met - transferred to revenue	(7 757 437)	(4 698 227)
Conditions still to be met - transferred to liabilities (see note 6)	18 337 349	15 144 786

This grant was used to construct housing. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.10 Public Works

Balance unspent at beginning of year	88 353	96 689
Current year receipts	0	0
Conditions met - transferred to revenue	0	(8 336)
Conditions still to be met - transferred to liabilities (see note 6)	88 353	88 353

This grant was used to construct infrastructure. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.11 West Rand District Municipality

Balance unspent at beginning of year	3 224 999	218 309
Current year receipts	766 800	3 269 194
Conditions met - transferred to revenue	(1 987 954)	(262 504)
Conditions still to be met - transferred to liabilities (see note 6)	2 003 845	3 224 999

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.12 GAUTRANS

Balance unspent at beginning of year	378 995	0
Current year receipts	1 348 559	3 325 280
Conditions met - transferred to revenue	(1 481 888)	(2 946 285)
Conditions still to be met - transferred to liabilities (see note 6)	245 666	378 995

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.13 Southern District Municipality

Balance unspent at beginning of year	0	0
Current year receipts	6 200 000	0
Conditions met - transferred to revenue	(4 179 890)	0
Conditions still to be met - transferred to liabilities (see note 6)	2 020 110	0

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.14 Department of Mineral Energy

Balance unspent at beginning of year	0	0
Current year receipts	1 000 000	0
Conditions met - transferred to revenue	(805 700)	0
Conditions still to be met - transferred to liabilities (see note 6)	194 300	0

This grant was used to construct infrastructure and to finance a HIV Programme. Other than the unspent amount, the conditions of the grant were met. No funds have been withheld

18.15 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, 2006, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

19 OTHER INCOME

Additional VAT Claim	0	15 526 263
Other Income	12 545 212	4 560 840
Total Other Income	**12 545 212**	**20 087 103**

20 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	83 597 176	71 912 576
Employee related costs - Contributions for UIF, pensions and medical aids	24 411 852	22 160 849
Travel, motor car, accommodation, subsistence and other allowances	5 985 004	5 356 642
Housing benefits and allowances	1 845 229	1 895 980
Overtime payments	6 042 295	4 496 582
Performance bonus	1 297 486	982 073
Long-service awards	592 959	435 521
Total Employee Related	**123 772 001**	**107 240 222**

There were no advances to employees. Loans to employees are set out in note 10.

Remuneration of the Municipal Manager

Annual Remuneration	689 976	645 441
Performance Bonus	82 720	61 962
Total	**772 696**	**707 403**

Remuneration of the Strategic Executive: Finance

Annual Remuneration	577 012	543 952
Performance Bonus	69 177	60 589
Total	**646 189**	**604 541**

Remuneration of Individual Strategic Executives

	Infrastructure Development	Corporate Services	Community Services	Economic Development, Planning & Environmental Management
	R	R	R	R
30 June 2007				
Annual Remuneration	577 012	577 012	577 012	577 012
Performance Bonuses	69 177	0	69 177	69 177
Total	646 189	577 012	646 189	646 189
30 June 2006				
Annual Remuneration	504 907	504 907	504 907	0
Performance Bonuses	48 471	48 471	60 589	0
Total	**553 378**	**553 378**	**565 496**	**0**

21 REMUNERATION OF COUNCILLORS

Executive Mayor	553 579	496 957
Speaker	389 376	332 463
Members	3 611 831	3 053 077
Councillors	5 179 634	4 343 467
Remuneration	**9 734 420**	**8 225 963**

In-kind Benefits

The Executive Mayor, Speaker, Chief Whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties.

The Executive Mayor has four full-time VIP Security personnel.

22 INTEREST PAID

External loans	7 986 498	11 087 182
Arrear Creditors Accounts	11 106	210 626
Finance leases	40 264	0
Bank overdrafts	70 495	121 475
Total Interest on External Borrowings	**8 108 363**	**11 419 282**

23 BULK PURCHASES

Electricity	41 504 243	37 473 468
Water	54 351 981	27 413 367
Total Bulk Purchases	**95 856 224**	**64 886 835**

24 GRANTS AND SUBSIDIES PAID

Grant to SPCA	88 754	91 086
	88 754	**91 086**

Subsidy to the SPCA is to assist Council to fulfil the function in accordance with Annexure B, Powers, Duties and Functions of Local Municipalities read with section 4(1)a of the North-West Provincial Notice 509 of 2005 establishment notice of Merafong City Local Municipality within the North-West Province. The subsidies is paid according to the Service Level Agreement.

25 GENERAL EXPENSES

Included in general expenses are the following:-

25.1 Khutsong Disaster	510 339	234 481
25.2 Dolomite Disaster	161 174	0
	671 513	**234 481**

Following the decision of the Demarcation Board to incorporate Merafong into the North-West Province the residents of Khutsong were unsatisfied and resorted to violence. The Councillors residing in Khutsong houses were burnt down and the councillors had to be evacuated and resettled.

Council had to evacuate families who's life's were in danger due to the dolomite situation in Khutsong

26 CORRECTION OF ERROR

Council had a dispute with the West Rand District Municipality and did not pay the Regional Service Council levies. The Dispute was resolved Levies were paid over.

MAXProff did an VAT audit and submitted a claim to SARS. The claim was included in the previous years income. A portion of the claim was repudiated.

SARS did an employee tax audit. Various errors was found.

An asset that was financed from the Government Grant Reserve was written off in the previous year but the reversal was not done to the grant account

VAT was deducted from Outstanding Debtors as per instruction from the Auditor-General Office in Gauteng. The North-West office do not agree with the principle

Council did an audit on movable assets. Certain assets were wrongly classified and certain assets were Inventory assets. Corrections were made.

The comparative amount has been restated as follows: -

West Rand District Municipality	656 170
SARS (Vat)	13 798 340
SARS (Employee Tax)	1 867 694
Government Grant Reserve	(802 384)
VAT deducted from Debtors	21 501 287
VAT deducted from Outstanding VAT	(21 501 287)
Infrastructure Assets	(16 163)
Community Assets	(98 665)
Heritage Assets	(76 775)
Land Buildings	(148 000)
Other Assets	339 603
Net effect on surplus/(deficit) for the year	**15 519 820**

27 CASH GENERATED BY OPERATIONS

Surplus/(Deficit) for the year	106 092 757	83 682 228
Adjustment for:-		
Depreciation	4 174 696	3 225 039
Gain on disposal of property, plant and equipment	(4 388 254)	(3 810 805)
Transfer to Reserves	(5 676 160)	0
Transfer to Provisions	(37 366 826)	(35 222 415)
Correction of Error	0	2 597 399
Interest paid	8 108 363	11 419 283
Investment income	(6 788 507)	(8 657 831)
Operating surplus before working capital changes:	**64 156 069**	**53 232 898**
(Increase)/Decrease in Inventories	(1 277 383)	343 959
(Increase)/Decrease in Debtors	(24 944 911)	4 009 874
(Increase)/Decrease in other Debtors	(1 506 661)	(4 352 634)
(Decrease)/Increase in conditional grants and receipts	(1 248 458)	21 568 081
Increase in Provisions	(419 808)	747 512
Increase in Creditors	7 131 945	(2 128 457)
Increase in VAT	4 327 107	14 967 660
Cash generated by/(utilised in) operations	**46 217 900**	**88 388 893**

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	3 552 344	0
Bank overdrafts	0	(7 773 330)
Call investment deposits	62 890 491	83 676 016
Total cash and cash equivalents	**66 442 835**	**75 902 686**

29 UTILISATION OF LONG-TERM LIABILITIES

Long-term liabilities (see Note 2)		
Used to finance property, plant and equipment – at cost	2 192 350	507 847
Sub- total	2 192 350	507 847
Cash set aside for the repayment of long-term liabilities	0	0
Cash invested for repayment of long-term liabilities (see note 14)	**18 573 315**	**16 615 812**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful		
Opening balance	886 554	15 882
Fruitless and wasteful expenditure current	11 106	886 554
Condoned or written off by Council	(31 106)	(15 882)
To be recovered – contingent asset	0	0
Fruitless and wasteful expenditure awaiting condonement	866 553	886 554

Incident	Disciplinary steps/criminal
Water Tanker Stolen	*Outstanding Disciplinary case - SAPS case number 363/12/2004*

Incident	Disciplinary steps/criminal
Cheque Fraud	*Outstanding Disciplinary case - SAPS case number 166/06/2006*

31.2 Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	0	0
Irregular expenditure current year	0	0
Condoned or written off by Council	0	0
Transfer to receivables for recovery – not condoned	0	0
Irregular expenditure awaiting condonement	0	0

31 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT 2003, (Act 56 of 2003)

31.1 Contributions to organized local government

Opening balance	0	0
Council subscriptions	467 443	383 536
Amount paid - current year	(467 443)	(383 536)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

31.2 Audit fees

Opening balance	0	0
Current year audit fee	982 027	1 745 954
Amount paid - current year	(982 027)	(1 745 954)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	0	0

31.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in note 7. All VAT returns have been submitted by the due date throughout the year.

31.4 PAYE and UIF

Opening balance	0	0
Current year payroll deductions	17 290 736	11 870 933
Amount paid - current year	(17 290 736)	(11 870 933)
Amount paid - previous years		
Balance unpaid (included in creditors)	**0**	**0**

31.5 Pension and Medical Aid Deductions

Opening balance	0	0
Current year payroll deductions and Council Contributions	31 525 288	27 438 746
Amount paid - current year	(31 525 288)	(27 438 746)
Amount paid - previous years	0	0
Balance unpaid (included in creditors)	**0**	**0**

31.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:-

	Total	Outstanding less than 90 days	Outstanding more than 90 Days
	R	R	R
30th June 2007			
T Mokapela	6 705.78	746.03	5 959.75
PN Gulubele	921.92	314.17	607.75
Total Councillors Arrear Consumer Accounts	**7 627.70**	**1 060.20**	**6 567.50**
30th June 2006			
KI Molefe	2 204.29	107.80	2 096.49
MD Modiselle	5 159.15	94.19	5 065.30
A Ntshabele	6 105.48	103.43	6 002.05
PN Gulubele	8 421.52	421.52	8 000.00
ZF Mxabano	8 758.10	736.01	8 022.09
P Molamu	4 444.27	854.73	3 589.54
P Salane	5 187.38	98.90	5 088.48
Total Councillor Arrear Consumer Accounts	**40 280.19**	**2 416.58**	**37 863.95**

During the year the following Councillor's had arrear accounts: Outstanding for more than 90 days	Highest Amount Outstanding R	Ageing Days
30th June 2007		
T Mokapela	10 329.35	120+
PN Gulubele	8 421.52	120+
P Molamu	4 444.27	120+
P Salane	5 187.39	120+
30th June 2006		
KI Molefe	3 196.91	120+
MD Modiselle	6 178.58	120+
A Ntshabele	7 440.90	120+
PN Gulubele	9 317.50	120+
ZF Mxabano	8 938.64	120+
P Molamu	5 389.54	120+
P Selane	6 187.38	120+

32 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:		
- Approved and contracted for	48 623 963	49 872 419
Infrastructure	30 856 594	45 619 351
Community	10 000 000	1 157 778
Heritage	0	0
Other	7 767 369	3 095 290
- Approved but not yet contracted for	0	0
Infrastructure	0	0
Community	0	0
Heritage	0	0
Other	0	0
Total	**48 623 963**	**49 872 419**
This expenditure will be financed from:		
- External Loans		
- Government Grants	44 729 717	46 647 420
- Own resources	0	0
- District Council Grants	3 894 246	3 224 999
	48 623 963	**49 872 419**

33 RETIREMENT BENEFIT INFORMATION

Some employees belong to a defined benefit retirement fund administered by the Provincial Pension Fund. The Joint Municipal pension fund is a defined benefit Fund and subjected to a triennial actuarial valuation. The last valuation was performed in December 2004. These valuations indicate that the fund are in a sound financial position. The estimated liability of the funds is R1 562 237 000 which is adequately financed by assets of R1 620 835 000

An amount of R21.6 million (2006 : R18.5 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.

34 CONTINGENT LIABILITY

35.1 Khutsong Disaster

Following the decision of the Demarcation Board to incorporate Merafong into the North-West Province the residents of Khutsong were unsatisfied and resorted to violence. The Council offices were burnt down and needs to be rebuilt. The settlement from SASRIA is not known at the time of reporting. The extend of the Liability cannot be determined at this stage.

35.2 MAX Proff	**0**	**3 411 472**

An independent VAT audit was performed by Max Proff. A Claim of R15 162 097 78 was lodged with SARS. Max Proff is entitled to 22.5% commission if the claim is successful

35.3 Third Party Claims	**0**	**984 172**

Various third party claims were outstanding at year end

35 EXEMPTIONS

Council are exempted from complying with section 122(3) of the Act to the extend that Council is required in the preparation of the Financial Statements to comply with the standards and parts or aspects of standards specified here under. The exemption applies in respect of the 2006/2007 and 2007/2008 financial years.

35.1 Property Plant and Equipment (Grap 17)

35.1.1 Review of useful life of items of PPE recognised in the annual financial statements
[paragraphs 59 – 61, and 77]

35.1.2 Review of depreciation method applied to PPE recognised in the annual financial statements
[paragraphs 62 and 77]

35.1.3 Impairment of non-cash-generating assets
[paragraphs 64 – 69 and 75(e)(v) – (vi)]

35.1.4 Impairment of cash-generating assets
[paragraphs 63 and 75(e)(v) – (vi)]

35.2 Impairment of Assets (IAS 36/AC 128)

35.2.1 Entire Standard

35.3 Inventories (GAMAP 12)

35.3.1 The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17

35.3.2 The entire standard to the extent that it relates to water stock that was not purchased by the municipality

35.4 Investment Properties (IAS 40/AC 135)

35.4.1 The entire standard to the extent that the property is accounted for in terms of GAMAP 17

35.4.2 Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of the standard
[paragraphs 79(e)(i) – (iii)]

35.5 Leases (IAS 17.AC 105)

35.5.1 Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement.
[SAICA circular 12/06 paragraphs 8 – 11 and paragraphs 33, 34, 50, 51 of IAS 17/AC 105)

35.6 Intangible Assets (IAS 38/AC 129)

35.6.1 The entire standard except for the recognition, measurement and disclosure of computer software equipment and website costs (SIC 32/AC 432) and all other costs are expensed

35.7 Employee Benefits (IAS 19/AC 116)

35.7.1 Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information.
[paragraphs 29, 48 – 119, 120A(c)-(q)]

35.8 Revenue (GAMAP 9)

35.8.1 Initial measurement of fair value discounting all future receipts using an imputed rate of interest.
[SAICA circular 09/06 and paragraph 12]

35.9 Financial Instruments: Recognition and Measurement (IAS 39/AC 133)

35.9.1 Initially measuring financial assets and financial liabilities at fair value.
[SAICA circular 09/06, paragraph 43, AG 79, AG 64 and AG 65 of IAS 39/ AC 133]

35.10 Non-Current Assets held for Sale and Discontinued Operations (IFRS 5/AC 142)

35.10.1 Classification, measurement and disclosure of non-current assets held for sale.
[paragraphs 6 – 14, 15 – 29 (in so far as it relates to non-current assets held for sale), 38 – 42]

35.11 Financial Instruments: Disclosures (IFRS 7/AC 144)

35.11.1 Entire Standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998

35.12 Construction Contracts (IAS 11/AC 109)

35.12.1 Entire Standard

35.13 Business Combinations (IFRS 3/AC 140)

35.13.1 Entire Standard

35.14 Accounting for Government Grants and disclosures of Government Assistance (IAS 20/AC 134)

35.14.1 Entire Standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9

36 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).

APPENDIX A

SCHEDULE OF LONG-TERM LIABILITIES

	INTEREST RATE	REDEMPTION DATE	LOAN NO.	BALANCE AS AT 01/07/2006 R	RECEIVED DURING THE YEAR R	REDEEMED OR WRITTEN OFF DURING THE YEAR R	BALANCE AS AT 30/06/2007 R	CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT R	OTHER COSTS IN ACCORDANCE WITH THE MFMA R
STOCK									
INCA	18.00%	2016/06/30	FV04-S	2 000 000	0	0	2 000 000	See Note 2	
ABSA	16.50%	2016/06/30	STDBANK002	2 000 000	0	0	2 000 000	See Note 2	
INCA	17.45%	2008/12/30	FVL108Z-S	1 100 000	0	0	1 100 000	See Note 2	
TOTAL				**5 100 000**	**0**	**0**	**5 100 000**		0
EXTERNAL LOANS									
FBC Fidelity Investment	Floating	2008/10/24	FBC57492000383	11 000 000	0	0	11 000 000	See Note 2	
INCA	10.97%	2016/06/30	MER-00-0001	50 150 000		2 939 046	47 210 954	See Note 2	
Development Bank of South Africa	5.00%	2007/06/30	N/W 102298		1 876 817		1 876 817		
Development Bank of South Africa	Floating	2011/12/31	25655	4 733 595	315 533	754 540	4 294 588	4 250 476	
TOTAL				**65 883 595**	**2 192 350**	**3 693 586**	**64 382 359**	**4 250 476**	0
FINANCE LEASES									
ABSA	Floating	2006/12/01	57118305	49 407	107	49 512	2	66 399	
ABSA	Floating	2008/08/01	62567029	391 720	7 253	183 419	215 554	154 571	
ABSA	Floating	2008/09/01	59359628	408 857	7 950	184 459	232 348	183 815	
ABSA	Floating	2008/12/01	62986064	732 378	14 861	318 778	428 461	480 822	
ABSA	Floating	2008/10/01	63109784	343 387	7 639	139 668	211 358		
ABSA	Floating	2009/12/01	65699163	48 059	1 606	14 056	35 609	52 994	
ABSA	Floating	2008/05/01	671655611	53 896	848	28 478	26 266	71 760	
TOTAL				**2 027 704**	**40 264**	**918 370**	**1 149 598**	**1 010 362**	0
TOTAL LONG-TERM LIABILITIES				**73 011 299**	**2 232 614**	**4 611 956**	**70 631 957**	**5 260 838**	

APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Adjustments	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings										
Land and Buildings	66 180 176	0	1 500	(6 106)	66 175 570	(65 161 489)	(36 278)	6 103	(65 191 664)	983 906
Undeveloped land	7 088 769	0			7 088 769	-				7 088 769
	73 268 945	0	1 500	(6 106)	73 264 339	(65 161 489)	(36 278)	6 103	(65 191 664)	8 072 675
Infrastructure										
Drains	32 764 876	2 075 391	0	0	34 840 267	(19 770 477)	(768 230)	0	(20 538 707)	14 301 560
Roads	52 020 194	3 805 709	0	0	55 825 903	(42 358 023)	(1 154 269)	0	(43 512 292)	12 313 611
Sewerage mains & Purification	65 175 529	31 176 612	0	(11 091)	96 341 050	(47 698 532)	(1 515 502)	11 090	(49 202 944)	47 138 106
Electricity mains	82 053 633	2 766 595	0	0	84 820 228	(77 523 462)	(287 653)	0	(77 811 115)	7 009 113
Electricity Peak control equipment	30 000	0	0	0	30 000	(29 999)	0	0	(29 999)	1
Water mains & Purification	33 602 621	1 870 731	0	(126 181)	35 347 171	(31 390 612)	(98 824)	33 287	(31 456 149)	3 891 022
Reservoirs water	3 226 012	93 446	0	0	3 319 458	(571 234)	(19 436)	0	(590 670)	2 728 788
Water meters	794 089	0	0	0	794 089	(50 173)	(52 940)	0	(103 113)	690 976
Pedestrian facilities	2 585 599	950 042	0	0	3 535 641	(2 397 806)	(42 833)	0	(2 440 639)	1 095 002
Airports	79 125	0	0	0	79 125	(79 123)	0	0	(79 123)	2
Security Measures	1 667 405	0	0	0	1 667 405	(1 667 290)	0	0	(1 667 290)	115
	273 999 083	42 738 526	0	(137 272)	316 600 337	(223 536 731)	(3 939 687)	44 377	(227 432 041)	89 168 296
Community assets										
Parks & Gardens	585 445	0	0	0	585 445	0	0	0	0	585 445
Libraries	514 778	0	0	0	514 778	0	0	0	0	514 778
Recreation Grounds	15 333 176	1 481 610	0	0	16 814 786	(7 729 784)	(21 690)	0	(7 751 474)	9 063 312
Community facilities	3 300 644	858 451	0	0	4 159 095	0	0	0	0	4 159 095
Clinics	190 880	0	0	0	190 880	0	0	0	0	190 880
Cemeteries	2 599 964	39 928	0	0	2 639 892	0	0	0	0	2 639 892
Other	292 827	0	0	0	292 827	(278 386)	0	0	(278 386)	14 441
	22 817 714	2 379 989	0	0	25 197 703	(8 008 170)	(21 690)	0	(8 029 860)	17 167 843
Heritage Assets										
Paintings & Art Galleries	45 923	0	1 500	0	47 423	0	0	0	0	47 423
	45 923	0	1 500	0	47 423	0	0	0	0	47 423
Housing Rental Stock										
Housing Schemes	14 885 033	12 007 754	0	0	26 892 787	(6 685 447)	(370 978)		(7 056 425)	19 836 362
	14 885 033	12 007 754	0	0	26 892 787	(6 685 447)	(370 978)	0	(7 056 425)	19 836 362
Other Assets										
Landfill sites	3 682 268	385 742	0	0	4 068 010	(3 259 338)	(23 951)	0	(3 283 289)	784 721
Office Equipment	1 409 463	222 397	42 993	(357 009)	1 317 844	(1 173 181)	(55 369)	352 220	(876 330)	441 514
Furniture & Fittings	4 751 750	207 207	955 437	(1 411 906)	4 502 488	(4 411 376)	(183 806)	1 303 002	(3 292 180)	1 210 308
Bins & Containers	693 911	0	0	-	693 911	(693 879)	0	0	(693 879)	32
Emergency equipment	69 299	0	8 909	(20 685)	57 523	(67 927)	(1 777)	19 326	(50 378)	7 145
Motor Vehicles	8 451 788	0	13 567	(1 400 794)	7 064 561	(7 726 504)	(350 177)	1 400 775	(6 675 906)	388 655
Fire engines	729 684	0	0	0	729 684	(729 680)	0	0	(729 680)	4
Computer equipment	2 473 527	237 410	443 923	(930 021)	2 224 839	(1 581 481)	(295 149)	834 533	(1 042 097)	1 182 742
Plant & Equipment	9 373 200	608 824	462 803	(2 373 636)	8 071 191	(7 995 727)	(739 215)	2 300 471	(6 434 471)	1 636 720
	31 634 890	1 661 580	1 927 632	(6 494 051)	28 730 051	(27 639 093)	(1 649 444)	6 210 327	(23 078 210)	5 651 841
Inventory Items										
Small assets	5 413 462	132 361	7 500	(5 512 077)	41 246	(5 124 501)	(129)	5 083 755	(40 875)	371
	5 413 462	132 361	7 500	(5 512 077)	41 246	(5 124 501)	(129)	5 083 755	(40 875)	371
	422 065 050	58 920 210	1 938 132	(12 149 506)	470 773 886	(336 155 431)	(6 018 206)	11 344 562	(330 829 075)	139 944 811

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2007

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Adjustments	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	81 272 378	72 400	164 942	(1 359 506)	80 150 214	(76 365 949)	(516 871)	1 264 829	(75 617 991)	4 532 223
Finance & Admin	54 192 157	611 831	703 738	(2 388 662)	53 119 064	(47 622 284)	(317 512)	2 204 015	(45 735 781)	7 383 283
Planning & Development	30 438 579	942 245	80 448	(348 366)	31 112 906	(28 527 313)	(84 566)	332 716	(28 279 163)	2 833 743
Health	2 771 954	16 168	84 421	(544 097)	2 328 446	(1 913 237)	(19 247)	482 874	(1 449 610)	878 836
Community & Social	4 303 335	144 710	242 761	(847 317)	3 843 489	(1 181 489)	(51 024)	732 064	(500 449)	3 343 040
Housing	8 855 321	12 012 146	42 439	(273 089)	20 636 817	(579 862)	(381 690)	212 923	(748 629)	19 888 188
Public Safety	1 731 300	86 745	110 817	(324 269)	1 604 593	(1 552 833)	(70 042)	309 049	(1 313 826)	290 767
Sport & Recreation	14 399 175	1 436 042	295 010	(1 648 761)	14 481 466	(9 528 927)	(255 761)	1 614 984	(8 169 704)	6 311 762
Waste Management	75 243 899	31 584 789	9 724	(2 035 979)	104 802 433	(56 863 960)	(1 826 346)	2 035 662	(56 654 644)	48 147 789
Road transport	24 241 459	6 446 447	2 850	(54 800)	30 635 956	(2 066 432)	(1 914 019)	51 793	(3 928 658)	26 707 298
Water	39 159 491	2 009 478	31 601	(305 473)	40 895 097	(33 374 854)	(189 288)	288 328	(33 275 814)	7 619 283
Electricity	78 661 822	3 534 351	100 580	(767 911)	81 528 842	(73 602 226)	(380 304)	568 478	(73 414 052)	8 114 790
Other	6 794 180	22 858	68 801	(1 251 276)	5 634 563	(2 976 065)	(11 536)	1 246 847	(1 740 754)	3 893 809
TOTAL	422 065 050	58 920 210	1 938 132	(12 149 506)	470 773 886	(336 155 431)	(6 018 206)	11 344 562	(330 829 075)	139 944 811

ANNEXURE D

MERAFONG CITY LOCAL MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R
683 595	34 826 011	(34 142 415)	Executive & Council	6 650 590	48 992 698	(42 342 108)
98 000 642	69 670 065	28 330 577	Finance & Admin	147 371 758	70 728 141	76 643 617
32 572 040	29 148 840	3 423 201	Planning & Development	9 059 859	7 184 289	1 875 570
3 957 507	7 873 091	(3 915 585)	Health	3 765 086	9 623 571	(5 858 485)
1 067 570	5 188 786	(4 121 216)	Community & Social Services	925 347	5 292 385	(4 367 038)
32 923	2 099 281	(2 066 358)	Housing	128 820	3 591 627	(3 462 807)
10 846 598	15 324 225	(4 477 627)	Public Safety	12 397 446	24 444 234	(12 046 788)
170 639	13 608 975	(13 438 336)	Sport & Recreation	238 607	16 432 307	(16 193 700)
200	1 195 373	(1 195 173)	Environmental Protection	0	1 645 337	(1 645 337)
28 757 119	28 014 775	742 344	Waste Management	20 119 265	21 157 980	(1 038 715)
0	5 304 785	(5 304 785)	Road Transport	0	7 484 634	(7 484 634)
52 741 577	48 450 642	4 290 935	Water	86 945 489	71 517 889	15 427 600
98 499 802	53 112 450	45 387 352	Electricity	83 910 409	75 688 699	8 221 710
17 942 813	6 936 211	11 006 603	Waste Water Management	14 656 702	10 674 040	3 982 662
345 273 026	**320 753 510**	**24 519 516**	Total	**386 169 378**	**374 457 831**	**11 711 547**

APPENDIX E(2)

MERAFONG CITY LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Total Additions	2007 Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	%	
Executive & Council	72 400	72 400	2 253 900	2 181 500	96.79%	During the budget process Council approved certain capital expenditure to be financed from an external loan to be taken up. The loan was not taken up due to councils financial situation. This has resulted in that certain capital expenditure could not be incurred.
Finance & Admin	611 831	611 831	10 926 750	10 314 919	94.40%	Included in the budget is an amount of R9 851 000 for the rebuilding of the pay points in Khutsong. The political situation was of such nature that the buildings could not be rebuilt.
Planning & Development	942 245	942 245	3 475 147	2 532 902	72.89%	An amount of R2 million was budgeted for the erection of Hawker facilities. The project was not completed at year-end.
Health	16 168	16 168	172 060	155 892	90.60%	Primary health care was to be transferred to Province. No unnecessary expenses were incurred.
Community & Social Services	144 710	144 710	296 000	151 290	51.11%	During the budget process Council approved certain capital expenditure to be financed from an external loan to be taken up. The loan was not taken up due to councils financial situation. This has resulted in that certain capital expenditure could not be incurred.
Housing	12 012 146	12 012 146	74 903 489	62 891 343	83.96%	Certain projects could not be completed due to beneficiaries administration problems i.e. the passing away of beneficiaries. A project in Kokosi progressed slowly and the contractors contract was terminated. The Khutsong Ext 1,2 & 3 projec was subjected to the protocol agreement between the two provinces. The project was approved by Gauteng but North-West could not take the project over. A phase in approach was approved and the commencement of the project was delayed for twelve months.
Public Safety	86 745	86 745	734 800	648 055	88.19%	During the budget process Council approved certain capital expenditure to be financed from an external loan to be taken up. The loan was not taken up due to councils financial situation. This has resulted in that certain capital expenditure could not be incurred.
Sport & Recreation	1 436 042	1 436 042	4 769 500	3 333 458	69.89%	Tenders were only awarded in the last part of the financial year. These projects are roll over projects and will only be completed during to next financial year.
Waste Management	31 584 789	31 584 789	22 360 000	(9 224 789)	-41.26%	The construction of the two Waste Water Treatment Plants in Khutsong and Kokosi was very urgent to commence with housing projects. Council had to approach MIG to use the allocations for Water and Storm Water projects to be allocated for these projects. The urgency of these projects warranted the decision.
Road Transport	6 446 447	6 446 447	12 169 999	5 723 552	47.03%	The construction of the two Waste Water Treatment Plants in Khutsong and Kokosi was very urgent to commence with housing projects. Council had to approach MIG to use the allocations for Water and Storm Water projects to be allocated for these projects. The urgency of these projects warranted the decision.
Water	2 009 478	2 009 478	7 625 000	5 615 522	73.65%	The construction of the two Waste Water Treatment Plants in Khutsong and Kokosi was very urgent to commence with housing projects. Council had to approach MIG to use the allocations for Water and Storm Water projects to be allocated for these projects. The urgency of these projects warranted the decision.
Electricity	3 534 351	3 534 351	49 212 100	45 677 749	92.82%	Two projects for the bulk electricity supply for Khutsong and Kokosi was approved to a value of R40 Million. The designs were done in the financial year under review. The projects will be roll over projects and will only be completed in the next financial year.
Other	22 858	22 858	25 000	2 142	8.57%	The saving was as a result of councils cost saving project
TOTAL	**58 920 210**	**58 920 210**	**188 923 745**	**130 003 535**	**68.81%**	

APPENDIX E(1)

MERAFONG CITY LOCAL MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual (R)	2007 Budget (R)	2007 Variance (R)	2007 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	51 083 359	51 355 595	(272 236)	-0.53%	
Property rates - penalties imposed and collectio	4 558 218	3 615 726	942 492	26.07%	The substantial increase in debtors contributed to the variance
Service charges	199 938 620	180 734 024	19 204 596	10.63%	During the budget process provision was made for R14 Million from water sales to the mines. It was enviage that Rand Watetr would have paid over to council the diffrence between their tariif and Councils tariff. The contract signed read that council is liable for the full account and the mines must pay the Rand Water portion over to Council.
Rental of facilities and equipment	995 162	891 010	104 152	11.69%	Vacant council properties were rented out this year.
Interest earned - external investments	6 788 507	4 804 714	1 983 793	41.29%	Interest earned from Fixed Deposits yielded more than was estimated.
Interest earned - outstanding debtors	11 520 884	9 746 360	1 774 524	18.21%	The substantial increase in debtors contributed to the variance
Fines and Licences and Permits	6 929 005	6 146 069	782 936	12.74%	A public safety drive by council and the appointment of a service provider in the previous year yield additional income.
Income for agency services	5 519 158	6 091 772	(572 614)	-9.40%	
Government grants and subsidies	80 501 345	71 506 228	8 995 117	12.58%	An Additional grant was received from the Southern District Municipality to restore Khutsong which was not budgeted for. Further a grant was received from the West Rand District Municipality for health.
Other income	12 545 212	13 662 774	(1 117 562)	-8.18%	
Public contributions, donated/contributed PPE	740 729		740 729	100.00%	During the budget process no budget was provided for Conditional Grants and Donations to be included under this vote
Gains on disposal of property, plant and equipment	5 049 179	1 400 000	3 649 179	260.66%	Council appointed a fleet management company. Part of the solution was to auction most of councils old vehicles.
Total Revenue	***386 169 378***	***349 954 272***	**36 215 104**	**10.35%**	*Council made provision for R14 000 000 income from the mines with reference to bulk water sales. As reported above the income was R44 504 827.*
EXPENDITURE					
Executive & Council	48 992 698	49 428 556	(435 858)	-0.88%	
Finance & Admin	70 728 141	77 593 219	(6 865 078)	-8.85%	
Planning & Development	7 184 289	4 603 998	2 580 291	56.04%	During the budget process the amount that was budgeted for as a subsidy was over estimated
Health	9 623 571	10 185 911	(562 340)	-5.52%	
Community & Social Services	5 292 385	5 997 814	(705 429)	-11.76%	The department did not fill all its vacancies.
Housing	3 591 627	3 464 248	127 379	3.68%	
Public Safety	24 444 234	20 394 268	4 049 966	19.86%	During the financial year the settlement of vehicle licenses had changed. It was envisaged that all the monies collected would be paid directly to Province and they will refund as the 20%.in the case of North-West we had to pay over the 80% to Province which was not provided for in the budget. The income budget are over collected with this amount.
Sport & Recreation	16 432 307	19 355 170	(2 922 863)	-15.10%	The department did not fill all its vacancies.
Environmental Protection	1 645 337	1 559 025	86 312	5.54%	
Waste Management	31 832 020	34 336 071	(2 504 051)	-7.29%	
Road Transport	7 484 634	6 737 914	746 720	11.08%	Depreciation was under estimated during the budget process. It must be noted that depreciation are off-setted below the line.
Water	71 517 889	53 130 781	18 387 108	34.61%	During the budget process provision was made for R14 Million from water sales to the mines. It was envisage that Rand Water would have paid over to council the difference between their tariff and Councils tariff. The contract signed read that council is liable for the full account and the mines must pay the Rand Water portion over to Council. No provision was made for bulk purchases for the mines. The amount paid to Rand Water with reference to this was R22 481 424.
Electricity	75 688 699	72 546 681	3 142 018	4.33%	
Total Expenditure	***374 457 831***	***359 333 656***	**15 124 175**	4.21%	***Included in the expenditure is an amount of R22 481 424 paid to Rand Water for the bulk purchases of the mines. See above-mentioned notes.***
NET SURPLUS/(DEFICIT) FOR THE YEAR	***11 711 548***	***(9 379 384)***	**21 090 932**	-224.86%	

APPENDIX F

MERAFONG CITY LOCAL MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed / withheld				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec		Yes / No	
Equitable Share	National Treasury	28589170		22 879 571	17 156 247	17 156 247	17 156 247	17 156 247	17 156 247	0	0	0	0	n/a	Yes	
		28 589 170		22 879 571	17 156 247	17 156 247	17 156 247	17 156 247	17 156 247							

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share